

BEFORE THE VIRGINIA GAS AND OIL BOARD

RELIEF SOUGHT: An Order for Disbursement of Escrowed Funds
(and Authorization for Direct Payment of Royalties)

JURISDICTION: Code of Virginia § 45.1-351. (et seq) AND § 45.1-361.22 (et seq)

UNIT/WELL NAME: VC-3047

TRACT(S): 4

LOCATION: DICKENSON County, Virginia

TAX ID NUMBERS: Tax Map Identification Numbers for all parcels affected by this order are shown on: Exhibit B

DOCKET NUMBER: VGOB-99-0420-0719-02

APPLICANTS: EQT Production Company on behalf of EQT Production Company

HEARING DATE AND LOCATION: Russell County Government Center, Lebanon, Virginia
September 18, 2012

APPEARANCES: James Kaiser on behalf of EQT Production Company

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 06/16/1999, Recorded on 06/21/1999, Deed Book/Instrument No. 346, Page 677.
2. Supplemental Order Executed 08/25/1999, Recorded on 08/31/1999, Deed Book/Instrument No. 348, Page 503.
3. Disbursement Order -01 Executed 02/02/2006, Recorded on 02/07/2006, Deed Book/Instrument No. 422, Page 371.

NOTICE:

The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the September 18, 2012 hearing and considered whether to:

- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 4 identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 4 relative to the interests of the Applicants identified in the attached petition.
- (3) Continue the escrow account under this docket number.

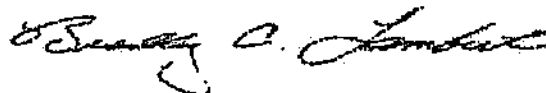
FINDINGS: Code of Virginia § 45.1-361.22

Applicant has certified and represented to the Board that:

Range Resources-Pine Mountain, Inc. was a conflicting claimant with Laura and Leroy Cole with regard to Tract 4 as created by Board Order VGOB as 99/04/20-0719. Royalty payments were put in the established escrow account by the Escrow Agent. To resolve this conflict, a Letter dated April 26, 2011 signed by Jerry Grantham, Vice President of Range Resources-Pine Mountain waived any claims to past or to future royalties, attached hereto as a Miscellaneous Exhibit. In the Supplemental Order, Laura and Leroy Cole elected a Carried Working Interest in Well VC-3047. Pursuant to the terms as created by the Board Order, the Cole's are not entitled to payment for their interest until the Well has 200% payout. Well VC-3047 has not yet reached a 200% payout. An account review by EQT recognized that they were paying royalty money into the Virginia State Escrow account as a conflicting royalty interest by mistake, instead of holding the funds as a Carried Working Interest. Thus, EQT is requesting that the Cole's applicable percentage of funds in escrow be returned to EQT as an exact payment from 9/20/2004 through 9/12/2012. Once the 200% payout is met, EQT can begin making direct payments to Laura and Leroy Cole. Following approval at the September 2012 VGOB Hearing, EQT has been internally escrowing payments from October 2012 through present.

RELIEF GRANTED:

DONE AND EXECUTED this 25 day of April, 2013 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

DONE AND PERFORMED this 25 day of April, 2013 by Order of the Virginia Gas and Oil Board.



Rick Cooper
Principal Executive to the
staff, Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

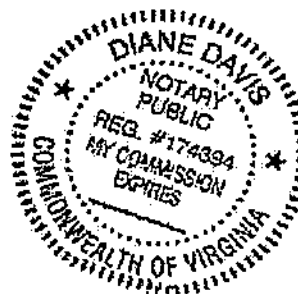
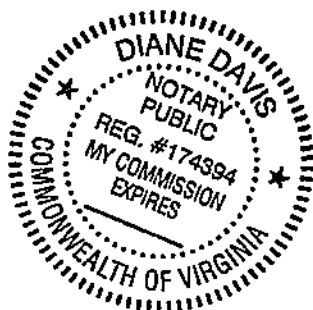
Acknowledged on this 25th day of April, 2013 personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and appeared Rick Cooper, being duly sworn did depose and say that he is Principal Executive to the staff of the Virginia Gas and Oil Board, that they executed the same and was authorized to do so.



Diane J. Davis, Notary Public
174394



My Commission expires: September 30, 2013



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: EQT Production Company

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 99-0420-0719-02

RELIEF SOUGHT: (1) DISBURSEMENT FROM
ESCROW REGARDING TRACT(S) 4
(2) AND AUTHORIZATION FOR DIRECT
PAYMENT OF ROYALTIES

HEARING DATE: September 18,
2012

DRILLING UNIT: VC-3047

DICKENSON COUNTY, VIRGINIA

PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS

1. Petitioner and its counsel

Petitioner is EQT Production Company, 225 North Shore Drive, Pittsburgh, PA 15212, (412)553-5700. Petitioner's counsel is James Kaiser, Wilhoit and Kaiser Law Firm, 220 Broad Street, Suite 210, Kingsport, TN 37660.

2. Relief Sought

A petition from EQT Production Company for the disbursement of funds from escrow regarding Tract 4 to EQT Production Company, for Unit VC-3047, Kenady District, Nora Quadrangle, Dickenson County, Virginia.

3. Legal Authority

Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.

4. Type of Well(s)

Coalbed Methane

5. Factual basis for relief requested

Range Resources-Pine Mountain, Inc. was a conflicting claimant with Laura and Leroy Cole with regard to Tract 4 as created by Board Order VGOB as 99/04/20-0719. Royalty payments were put in the established escrow account by the Escrow Agent. To resolve this conflict, a Letter dated April 26, 2011 signed by Jerry Grantham, Vice President of Range Resources-Pine Mountain waived any claims to past or to future royalties, attached hereto as a Miscellaneous Exhibit. In the Supplemental Order, Laura and Leroy Cole elected a Carried Working Interest in Well VC-3047. Pursuant to the terms as created by the Board Order, the Cole's are not entitled to payment for their interest until the Well has 200% payout. Well VC-3047 has not yet reached a 200% payout. An account review by EQT recognized that they were paying royalty money into the Virginia State Escrow account as a conflicting royalty interest by mistake, instead of holding the funds as a Carried Working Interest. Thus, EQT is requesting that the Cole's applicable percentage of funds in escrow be returned to EQT as an exact payment from 9/20/2004 through 9/12/2012. Once the 200% payout is met, EQT can begin making direct payments to Laura and Leroy Cole. Following approval at the September 2012 VGOB Hearing, EQT has been internally escrowing payments from October 2012 through present.

6. Attestation

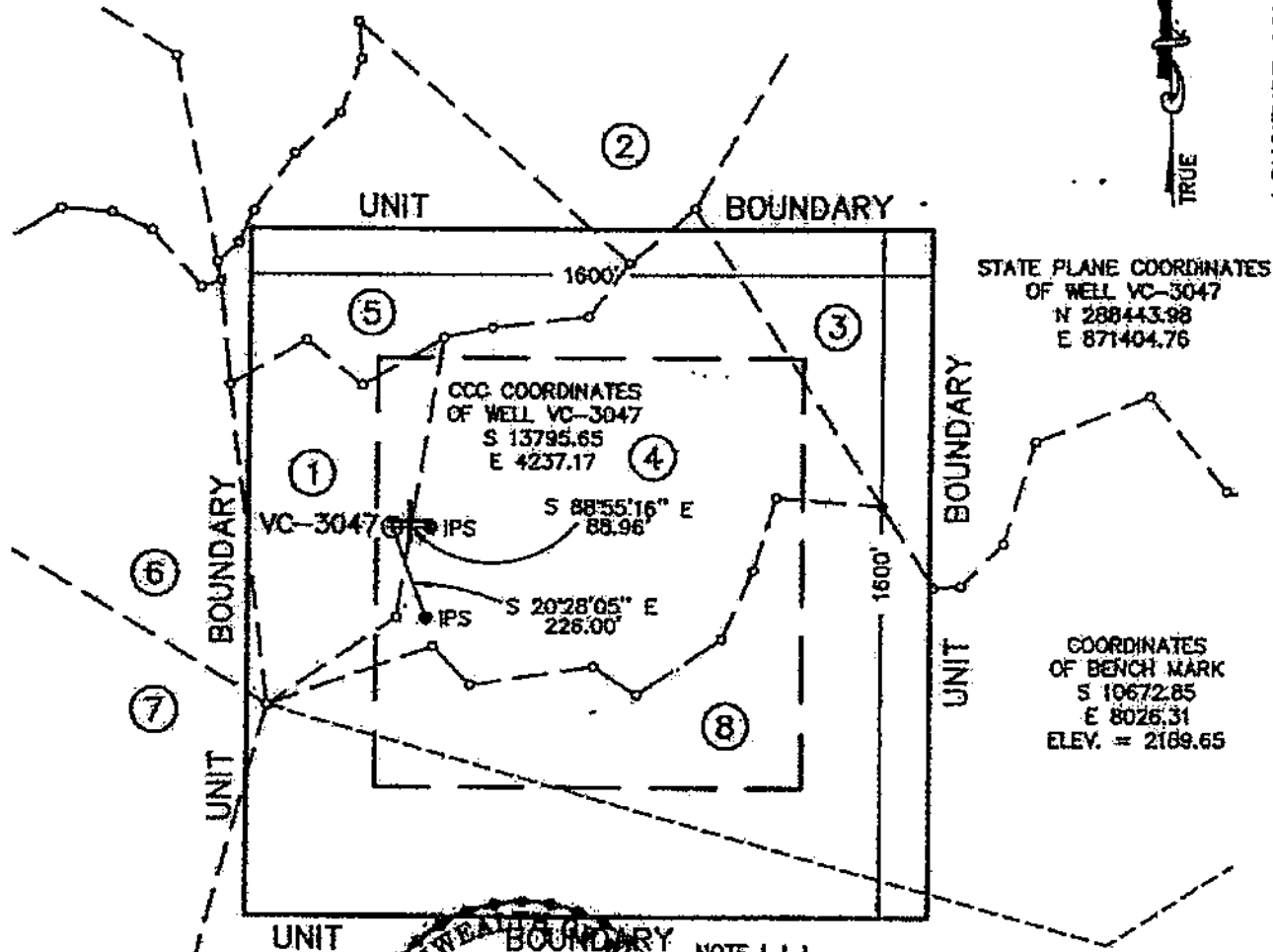
The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

TOTAL UNIT AREA
= 58.77 ACRES

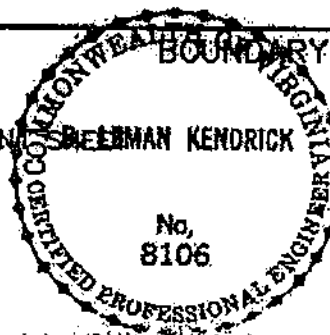
--- DENOTES MINERAL LINE
--- DENOTES SURFACE LINE
○ TRACT IDENTIFIER

LATITUDE 37°05'00"

LONGITUDE 82°20'00"



NOTE !!!
SEE WELL PLAT-SUPPLEMENT FOR TRACT INFORMATION



NOTE !!!
WELL COORDINATES ARE BASED ON CLINCHFIELD COAL COMPANY'S MINE COORDINATE SYSTEM
STATE PLANE WELL COORDINATES ARE CALCULATED FROM CLINCHFIELD COAL COMPANY COORDINATES.
PROPERTY INFORMATION PROVIDED BY EQUITABLE PRODUCTION COMPANY.
ELEVATIONS ARE BASED ON IRON PIN REFERENCE POINT FOR WELL VC-3753

WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER VC - 3047
TRACT No. 154 241490/T-184 ELEVATION 2398.38 (Trg) QUADRANGLE NORA
COUNTY DICKENSON DISTRICT KENADY SCALE: 1" = 400' DATE MARCH 26, 1999
THIS PLAT IS A NEW PLAT x; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT
PROPOSED TOTAL DEPTH OF WELL =

+ DENOTES THE LOCATION OF A WELL ON UNITED STATES TOPOGRAPHIC MAPS, SCALE 1 TO 24,000, LATITUDE AND LONGITUDE LINES BEING REPRESENTED BY BORDER LINES AS SHOWN.

B. J. Kendrick 3/25/99 (AFFIX SEAL)
LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

①

LEASE No. 241490 / T-184
J.F. SMITH
6.24 ACRES
CLINCHFIELD COAL COMPANY/
PYXIS RESOURCES COMPANY - surface, coal
PINE MOUNTAIN OIL & GAS, INC. -
oil & gas
GAS 6.17 AC. 10.50 %

⑤

MAE SMITH ROWLETT
9.76 ACRES
TRACT TL-219
EQUITABLE PRODUCTION COMPANY - surface, gas
LEASE No. 244792 / TC-177
CLINCHFIELD COAL COMPANY/
PYXIS RESOURCES COMPANY - coal
PINE MOUNTAIN OIL & GAS, INC. - oil
GAS 5.19 AC. 8.83 %

②

LEASE No. 241490 / TL-219
MAE SMITH ROWLETT - oil & gas
92.57 ACRES
LEASE No. 244792 / TC-177
CLINCHFIELD COAL COMPANY/
PYXIS RESOURCES COMPANY - coal
GAS .17 AC. .28 %

⑥

LEASE No. 245525L
WILLIAM & VONDA ROSE - oil & gas
10 ACRES
LEASE No. 244792 / TC-177
CLINCHFIELD COAL COMPANY/
PYXIS RESOURCES COMPANY - coal
GAS .18 AC. .31 %

③

LEASE No. 241490 / T-1022
J.B.F. COUNTS
58.14 ACRES
CLINCHFIELD COAL COMPANY/
PYXIS RESOURCES COMPANY - coal
PINE MOUNTAIN OIL & GAS, INC. - oil & gas
GAS 4.94 AC. 8.41 %

⑦

LEASE No. 241490 / T-172
ELEXIOUS SMITH
110 ACRES
CLINCHFIELD COAL COMPANY/
PYXIS RESOURCES COMPANY - coal
PINE MOUNTAIN OIL & GAS, INC. - oil & gas
GAS .10 AC. .17 %

④

LEASE No.
LAURA JEAN COLE
22 ACRES
CLINCHFIELD COAL COMPANY/
PYXIS RESOURCES COMPANY - coal
LEASE No. 244792 / TC-177
LAURA JEAN COLE - surface, oil & gas
GAS 17.77 AC. 30.24 %

⑧

LEASE No. 241490 / T-47
W.T. GOODLOE
556.33 ACRES
CLINCHFIELD COAL COMPANY/
PYXIS RESOURCES COMPANY - coal
PINE MOUNTAIN OIL & GAS, INC. - oil & gas
GAS 24.25 AC. 41.26 %

KENDRICK

ENGINEERING & SURVEYING CO.
40 MAIN STREET
CLINTWOOD, VIRGINIA
25628
(846) 826-2027 (846) 826-4072

EQUITABLE PRODUCTION COMPANY**WELL No. 3047****WELL PLAT SUPPLEMENT**

DRAWING NAME:
1456PLAT.DWG

PROJ. No.: SCALE:
1459 1" = 400'

DATE: MARCH 28, 1999

VGOB Disbursement
Unit VC-3047
VGOB-99-0429-0719-02

Table 1 (pay exact dollar amount based on account balance of 9/30/2012)

4

Fractional	Net Acreage	Royalty	Escrowed	Percent of	Disbursement
Ownership	Ownership	Split	Acres	Escrowed Funds	
in Tract	in Tract	Agreement	Disbursed	Disbursed	

Item	Tract	Disbursement Table				
		Total acreage in escrow before disbursement			23.13000	

4 Tract 4 (total acreage)

17.77

1	4	EQT Production Company P.O. Box 1983, Kingsport, TN 37682-1983	17.7700	100.00%	17.7700	78.6268%	\$20,167.70
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Wells contributing to the escrow account: VC-3047 W/PL

Supplement B
VC-703047
VGOB 99-0420-0719

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>	
<u>GAS ESTATE ONLY</u>						
1 (20780)	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EPC 241490 L01 T-184	10.500000%	6.17000	0.01312500	RI
	Equitable Production Company				0.09187500	WI
Tract 1 Totals			<u>10.500000%</u>	<u>6.17000</u>	<u>0.10500000</u>	
2 (Minerals Only)	East Tennessee Natural Gas Co. Route 1 Box 241 McClure, VA 24269	Leased - EPC 241490L TL-219	0.280000%	0.17000	0.00035000	RI
	Equitable Production Company				0.00245000	WI
Tract 2 Totals			<u>0.280000%</u>	<u>0.17000</u>	<u>0.00280000</u>	
3 (Minerals Only)	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EPC 241490 L01 T-1022	8.410000%	4.94000	0.01051250	RI
	Equitable Production Company				0.07358750	WI
Tract 3 Totals			<u>8.410000%</u>	<u>4.94000</u>	<u>0.08410000</u>	
4 (3211)	Laura Jean Cole & Leroy Cole, W/H 721 Emerald Bay Dr Suisun City, CA 94585	Carried Interest Carried Working interest until 200% payout	30.240000%	17.77000	0.00000000 BPO: CARRIED INT 0.30240000 APO: WORKING INT	WI WI
	Equitable Production Company				0.30240000 BPO: CARRIED INT 0.00000000 APO: WORKING INT	WI
Tract 4 Totals			<u>30.240000%</u>	<u>17.77000</u>	<u>0.30240000</u>	
5 (18837)	Equitable Production Co. PO Box 1983 Kingsport, TN 37662-1983	Gas Estate Owner	8.830000%	5.19000	0.01103750	
	Equitable Production Company				0.07726250	
Tract 5 Totals			<u>8.830000%</u>	<u>5.19000</u>	<u>0.08830000</u>	
6 (1206)	William C Rose & Vonda E Rose Route 1 Box 421 Clintwood, VA 24228	Leased-EPC 245525L01	0.310000%	0.18000	0.00038750	
	Equitable Production Company				0.00271250	
Tract 6 Totals			<u>0.310000%</u>	<u>0.18000</u>	<u>0.00310000</u>	

(20768)	7	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-172	0.170000%	0.10000	0.00021250
		Equitable Production Company				0.00148750
Tract 7 Totals				0.170000%	0.10000	0.00170000
(20656)	8	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-47	41.260000%	24.25000	0.05157500
		Equitable Production Company				0.36102500
Tract 8 Totals				41.260000%	24.25000	0.41260000
TOTAL GAS ESTATE				100.000000%	58.77000	1.00000000

COAL ESTATE ONLY

	1	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-184	10.500000%	6.17000	0.01312500
		Equitable Production Company				0.09187500
Tract 1 Totals				10.500000%	6.17000	0.10500000
	2	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-177	0.280000%	0.17000	0.00035000
		Equitable Production Company				0.00245000
Tract 2 Totals				0.280000%	0.17000	0.00280000
	3	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-1022	8.410000%	4.94000	0.01051250
		Equitable Production Company				0.07358750
Tract 3 Totals				8.410000%	4.94000	0.08410000
	4	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-177	30.240000%	17.77000	0.03780000
		Equitable Production Company				0.26460000
Tract 4 Totals				30.240000%	17.77000	0.30240000
	5	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-177	8.830000%	5.18000	0.01103750
		Equitable Production Company				0.07726250
Tract 5 Totals				8.830000%	5.18000	0.08830000

Exhibit E
VC-703047
VGOB 99-0420-0719

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>GAS ESTATE ONLY</u>				
2	East Tennessee Natural Gas Co. Route 1 Box 241 McClure, VA 24269	Leased - EPC 241490L TL-219	0.280000%	0.17000
	Equitable Production Company			
Tract 2 Totals			<u>0.280000%</u>	<u>0.17000</u>
5	Equitable Production Co PO Box 1983 Kingsport, TN 37662-1983	Gas Estate Owner	8.830000%	5.18000
	Equitable Production Company			
Tract 5 Totals			<u>8.830000%</u>	<u>5.18000</u>
TOTAL GAS ESTATE			9.110000%	5.35000
<u>COAL ESTATE ONLY</u>				
2	Pittston Company c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-177	0.280000%	0.17000
	Equitable Production Company			
Tract 2 Totals			<u>0.280000%</u>	<u>0.17000</u>
5	Pittston Company c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-177	8.830000%	5.18000
	Equitable Production Company			
Tract 5 Totals			<u>8.830000%</u>	<u>5.18000</u>
TOTAL COAL ESTATE			9.110000%	5.35000

6	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-177	0.310000%	0.18000	0.00038750
Equitable Production Company					0.00271250
Tract 6 Totals			0.310000%	0.18000	0.00310000
7	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-172	0.170000%	0.10000	0.00021250
Equitable Production Company					0.00148750
Tract 7 Totals			0.170000%	0.10000	0.00170000
8	Pittston Company* c/o Clinchfield Coal Company Attn: Steve Smith PO Box 7 Dante, VA 24237	Leased-EREC 241490L01 T-47	41.260000%	24.25000	0.05157500
Equitable Production Company					0.36102500
Tract 8 Totals			41.260000%	24.25000	0.41260000
TOTAL COAL ESTATE			100.000000%	58.77000	1.00000000

*Currently:
Range Resources-Pine Mountain
406 W Main Street
PO Box 2136
Abingdon, VA 24212

Exhibit EE
VC-703047
VGOB 99-0420-0719

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	
<u>DISBURSEMENT -01</u>					
6	William C Rose & Vonda E Rose Route 1 Box 421 Clintwood, VA 24228	Leased-EPC 24552SL01	0.310000%	0.16000	0.00038750
Total Following Range Resources-Pine Mountain Waiver			0.310000%	0.16000	
TOTAL GAS ESTATE			100.000000%	56.77000	1.00000000

CURRENT DISBURSEMENT -02

4	EQT Production Company* PO Box 23536 Pittsburgh, PA 15222		30.240000%	17.77000	0.30240000 BPO: CARRIED INT 0.00000000 APO: WORKING INT	WI WI
Equitable Production Company						WI
Total Following Range Resources-Pine Mountain Waiver			30.240000%	17.77000		

* Laura Jean Cole and Leroy Cole obtained waiver from Range Resources-Pine Mountain. The Coles elected a Carried interest. Pursuant to terms of the Board Order, interest does not revert back to the Coles until the Well has paid out 200%.